

IMPACT OF CAPITAL STRUCTURE ON PROFITABILITY OF BANKS IN PAKISTAN

By

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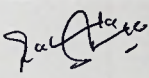
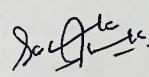
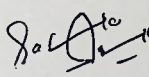
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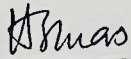
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No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	12/11/15	critical	Data Integration	
6	3/12/15	"	Analysis of Results	
7	18/12/15	"	critical debate & Conclusion	

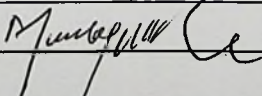
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ABSTRACT

Purpose- Major Aim of this study was to evaluate the impact of capital structure on profitability of banks in Pakistan. The purpose is to determine the optimal level of debt and equity which can help to give banks the maximum return which they can achieve.

Methodology/sample- . For this study three big banks of Pakistan has taken which is listed on Karachi stock exchange (KSE) Habib Bank Limited, MCB, United bank Limited and 10 years of data is selected from 2004 to.2013. Regression models ANOVA and Correlation tests were applied to check the relationship between the capital structure and profitability of banks of Pakistan. Profitability is measured by Return on asset (ROA), return on Equity (ROE) and Net profit. Capital structure is determined by Short term debt (STD), Long term debt (LTD) and Equity. Data of these three banks of Pakistan was collected from their annual reports.

Findings- The analysis and findings of this study is that there is positive and significant relationship between determinants of capital structure and profitability of banks except Long term debt (LTD).

Practical Implications- The outcomes of the research might help the decision makers of banks capital structure to understand the impact of debt and equity level on profitability of banks in Pakistan and it will also help to increase banks profit levels.

Keywords: Short term debt (STD), Long term debt (LTD), Equity, Return on asset (ROA), return on equity (ROE) and net profit.

TABLE OF CONTENTS

SECOND HALF SEMESTER PROGRESS.....	ii
DECLARATION OF AUTHENTICATION	iii
PLAGRISM OF TEST REPORT	iv
ACKNOWLEDGMENT.....	iv
ABSTRACT.....	vi
CHAPTER: 1 INTRODUCTION	1
1.1. Overview	1
1.2. The problem background	1
1.3. Problem statement:	2
1.4. Introduction to banking sector of Pakistan:.....	2
1.5. Components of capital structure:	3
1.6. Hypotheses:	5
1.7. Aim of study:.....	6
CHAPTER: 2 A LITERATURE REVIEW ON CAPITAL STRUCTURE AND PROFITABILITY	7
2.1. Capital structure	10
2.2. Debt financing	11
2.3. Equity financing:.....	11
2.4. Profitability measures:.....	11
CHAPTER: 3 RESEARCH METHODOLOGY	13
3.1. Nature and Kind of research	13
3.2. Sampling Technique and Sample Size.....	13
3.3. Data Collection Method	14
3.4. Data Integration Method	14
3.5. Conceptual frame work	14
3.6. Variable description.....	15
CHAPTER: 4 DATA INTEGRATION AND ANALYSIS	17
4.1 Descriptive analysis:.....	18
4.2 Model specification:	18

4.3 Analysis return on equity:19

Table 4.3.119

Table 4.3.220

Table 4.3.321

Table 4.4.422

4.4 Return on assets:22

Table 4.4.122

Table 4.4.224

Table 4.4.325

Table 4.4.425

4.5 Net profit:26

Table 4.5.126

Table 4.5.227

Table 4.5.328

Table 4.5.429

CHAPTER: 5 CRITICAL DEBATE30

CHAPTER: 6 CONCLUSION AND RECOMMENDATION33

6.1. Recommendations:33

REFERENCES34